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Report Highlights:
Economy has resilience to overcome drought impact: Prime Minister, *India finds little U.S., EU Support*, *Duty-free sugar import extended till December 2010*, *Sugar imports may see festive season through*, *Sugar order leaves sour taste for Cola companies*, *Duty-free imports benefit doubled for hotel industry*, *Barista coffee to add 100 stores in India*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

ECONOMY HAS RESILIENCE TO OVERCOME DROUGHT IMPACT: PRIME MINISTER

Prime Minister Manmohan Singh assured the nation that the Indian economy had the resilience to overcome the consequences of this year's drought, pledging efforts to minimize damage to the summer crop and protect the winter crop. At the first meeting of the Planning Commission since the Congress party-led coalition government returned to power in May, the Prime Minister said while India must do every thing to tackle the drought, "we should not be over-pessimistic". "We are in a very strong position to manage the consequences of the drought. Our food stocks in particular are very high. The government is giving focused attention to all aspects of drought management including both relief measures and efforts to protect *kharif* (summer) crops as much as possible and to ensure a normal *rabi* (winter) season," he said. (Source: Mint, 09/02/09)

INDIA FINDS LITTLE U.S., EU SUPPORT

India found little backing from its main trade partners, the United States and the European Union, in its attempt to fast-track the WTO negotiations on freeing trade in services. The meeting of nearly three dozen trade ministers in New Delhi on September 3 was also marked by wrangling over the process that should be adopted to take the eight-year-long Doha round to a successful conclusion by a new deadline of 2010. WTO Director General Pascal Lamy was in disagreement with Indian Commerce Minister Anand Sharma, who chaired the meeting and set the ground rule for the two-day conference, saying it was not about discussing hardcore issues but about agreeing on a roadmap for bringing the Doha talks to an end. "The two cannot be divorced," Mr. Lamy was quoted by a trade diplomat as telling the meeting, emphasizing that the talks had got stalled because there was no progress on "issues" and progress should be made on those issues for the "process" to be fast-tracked. Differences also cropped up over Indian suggestion that the countries locked in these prolonged Doha round talks could explore the possibility of taking "bilateral and other tracks" to "feed into the multilateral negotiations" and thereby speed up the process. (Source: Asian Age, 09/04/09)

Post Comment: The full text of Commerce Minister Anand Sharma's welcome address at the Conference is available at: www.pib.nic.in/release/release.asp?relid=52353. The press statement regarding the conference is available at: http://www.pib.nic.in/release/release.asp?relid=52381

DUTY-FREE SUGAR IMPORT EXTENDED TILL DECEMBER 2010

With sugar supplies expected to become scarce during the coming months due to low carryover stocks, the government has extended the period of duty free imports of raw sugar from March 31, 2010 to December 2010. The decision was taken by the empowered group of ministers (EGoM) headed by the Finance Minister. The decision to extend the period of duty free imports of refined sugar beyond November 30, 2009 has been referred to a committee for further discussion. The EGoM has also asked the Food Ministry to decide whether to increase the levy sugar quota from the existing 10 percent. The mills are mandated to sell 10 percent of their production to the government as levy sugar at a fixed price, and the levy sugar is sold by government's fair price shops at below market prices. (Source: Financial Express, 09/03/09)

SUGAR IMPORTS MAY SEE FESTIVE SEASON THROUGH

India's sugar shortfall has shown signs of easing for the October-November festive season, (when demand peaks), through imports. The country's sugar import will touch about 1 million tons next month. The fresh imports include combined buying by government and private firms, mostly from Brazil and Thailand. The government has also raised the monthly sales quota for September to 2.0 million tons from 1.6 million tons in August. Sugar is a tightly regulated commodity in India, wherein the government decides on how much each mill has to sell each month based on the demand and supply situation. (Source: Hindustan Times, 09/04/09)

SUGAR ORDER LEAVES SOUR TASTE FOR COLA COMPANIES

The government's sugar order imposing stocks limit on large end-users is going to affect cola manufacturers as it will ban large-scale sugar users from stockpiling more than 15 days of this scare commodity. Under normal circumstances, they maintain three to four months of sugar stocks. The sugar order will become effective on September 12. Representatives of the cola industry and other food processing industries have already requested the government to exclude them from this order. The affected companies have also approached CII and FICCI to effectively lobby with the government against the imposition of this stock limit. (Source: The Asian Age, 08/31/09)

DUTY-FREE IMPORTS BENEFIT DOUBLED FOR HOTEL INDUSTRY

The new Foreign Trade Policy has doubled the trade value of duty-free imports of capital goods, office equipment and consumables allowed against the foreign exchange earned by the hotel industry. Service providers in the hospitality sector are now entitled to duty credit scrip equivalent to 10 percent of foreign exchange earned during a financial year. Additionally, hotels and clubs with a minimum of 30 rooms, golf resorts, and standalone restaurants with catering facilities can use the duty credit scrip to import consumables, including food items and alcoholic beverages. According to the Chairman, Services Export Promotion Council, such measures will benefit the hotel industry especially when it has been affected by the economic recession. (Source: The Business Line, 08/30/09)

BARISTA COFFEE TO ADD 100 STORES IN INDIA

Barista Coffee Company Ltd. is brewing widespread expansion plans in India by adding 100 stores entailing an investment of Rs. 400 million ($8.3 million) every year, according to the Company's Chief Operating Officer. The retail coffee chain, which was bought over by Italy's Lavazza in 2007, currently has 230 stores in the country. The company holds 25 percent share of the Rs. 4 billion ($83 million) coffee bar market in India. (Source: Business Line, 09/04/09)

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REPORT #	SUBJECT	DATE SUBMITTED
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IN9114	Cotton and Products: September Quarterly Update	09/01/09
IN9115	FAIRS: GOI Extends Ban on Import of Livestock Products	09/04/09
IN9116	FAIRS: PFA Rule Amendment Related to Dairy Products	09/04/09

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